

ICAI raises concern over higher limit for bank branch audits

Accounting watchdog ICAI has raised concerns over higher threshold limit for bank branches with regard to mandatory audit of their books, asserting that many more of them would be out of the auditing purview.

It is seeking the lowering of the limit. "The threshold limit for annual statutory bank branch audit for the financial year 2012-13 was raised from Rs 6 crore of advances to Rs 20 crore advances, whereby a large chunk of branches have gone out of annual audit purview.

"Our apprehension is that this is not good for the health of the banks," ICAI President Subodh Kumar Agrawal told PTI.

The Institute of Chartered Accountants of India (ICAI) is already in discussions with the Finance Ministry to lower the threshold limit.

Agarwal said: "Audit is a very big check and is a deterrent to the wrong doers and by audit, the non-compliance of things come to the fore.

"So, in my view, the government needs to reconsider the limit which has been scaled up to Rs 20 crore and again bring it down to Rs 6 crore."

In 2007, the limit was raised to Rs 3 crore and in 2011-12, the limit was raised to Rs 6 crore. After one year the same was again hiked to Rs 20 crore.

When asked about the recent Cobrapost expose that revealed alleged violations of norms by some banks, the ICAI chief said the overall system needs to be improved from time to time.

"The Cobrapost thing has brought to the fore some leakages in the system," he added.

(Economic Times)